Australia
1960

United States
1977

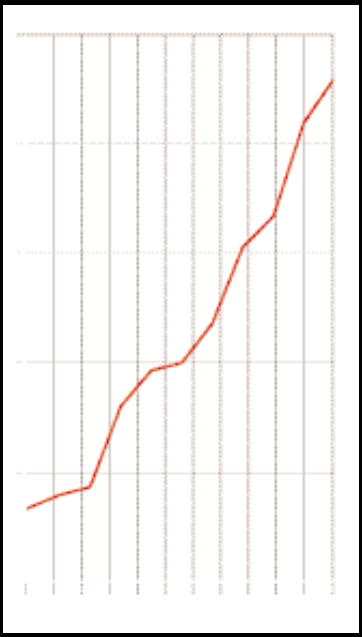
Westfield Holdings Limited

half year report 2000
six months to 31 December 2000

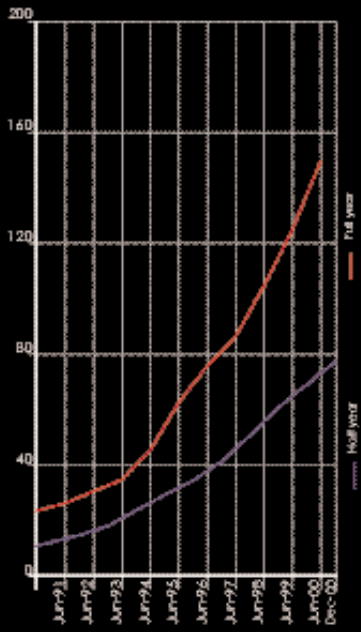
The world in focus

New Zealand
1997

United Kingdom
2000



Assets under management
$ billion



Profit after tax
$ million

Financial Highlights December 2000

	Six months to 31 December 2000 $000	Six months to 31 December 1999 $000	change (%)
Profit before tax	101,692	91,562	+11.1
Profit after tax	76,656	67,539	+13.5
Total assets	2,051,056	1,476,773	+38.9
Assets under management	22,500,000	17,800,000	+26.4
Shareholders' funds	691,060	524,902	+31.7
Dividend per share	7.27¢	6.44¢	+12.9
Earnings per share (diluted)	14.55¢	12.87¢	+13.1

Directors' Report

The Directors have pleasure in presenting the results of Westfield Holdings Limited for the six months ended 31 December 2000.

Westfield Holdings Limited achieved an after-tax profit for the six months to 31 December 2000 of $76.7 million, up 13.5% on the same period last year.

Earnings per share (on a fully diluted basis) was 14.55 cents per share, up 13.1% on the December 1999 half year.

An interim dividend of 7.27 cents per share will be paid, compared with 6.44 cents for the previous corresponding period. The interim dividend continues to be 60% franked.

All areas of the Group's business contributed to the result with the quality of the shopping centres underpinning the Group's performance. There continues to be good demand in all markets from retailers for both existing shopping centre space and the new space being created through the Group's global redevelopment program.

The Westfield Group now has shopping centre assets under management valued at $22.5 billion, containing 13,100 retailers occupying 6.0 million square metres of retail space.

Westfield's redevelopment program is continuing in Australia, the United States and New Zealand and is a key element in the Group's performance. Projects worth approximately $630 million were completed during the first half of the year and approximately $4.7 billion worth of projects are under construction or presently in the planning process.

In **Australia** and **New Zealand** during the half-year, Westfield successfully completed developments at Chermside in Brisbane, Burwood in Sydney and Glenfield in Auckland as well as the early stages of redevelopments at Hornsby in Sydney, Fountain Gate in Melbourne and WestCity in Auckland. These three projects, with a total value of $600 million, will be completed during 2001.

Planning for the redevelopment of Bondi Junction in Sydney, a joint venture between Westfield Trust and AMP, is well advanced and the project received NSW Government approval in January 2001. In addition, planning continues for the NZ$1 billion redevelopment program in New Zealand as well as various other projects in Australia.

The shopping centres in Australia and New Zealand continue to perform well with occupancy levels remaining in excess of 99%.

Directors' Report

The Westfield Shoppingtown brand was introduced successfully into New Zealand in September 2000. The Company's objective is for New Zealand shoppers and retailers – like shoppers and retailers in Australia and the US – to associate the Westfield brand with a superior shopping experience that includes consistent commitment to quality retailing, customer service and involvement with the local community.

In February 2000, the Company announced that it was not proceeding with its Internet Shoppingtown project.

In the **United States**, the underlying strength of the portfolio is shown by the positive leasing environment – specialty store space was 94% leased, at the top of the range for the US shopping centre industry – and the good progress of the redevelopment program.

Construction is currently underway at eight Westfield Shoppingtowns in four States – West County and South County in Missouri; Valley Fair, Promenade and Parkway in California; Independence in North Carolina; Montgomery and Annapolis in Maryland. These projects have a combined value of approximately US$600 million (A$1.1 billion). Redevelopment work valued at US$56 million (A$100 million) is expected to commence at three Westfield Shoppingtowns – Enfield in Connecticut, Palm Desert and Plaza Bonita in California – during 2001. Planning continues for many other projects in the United States.

In February 2000, Westfield America Trust announced it would make an offer to acquire all outstanding common shares in Westfield America, Inc. held by the public in order to simplify its corporate structure.

Westfield remains committed to growing its US operations and will continue to seek opportunities to redevelop its regional malls and grow the portfolio.

During the half-year, Westfield Holdings consolidated its entry into the **United Kingdom** with the Broadmarsh centre in Nottingham – in which the company acquired a 75% interest in May 2000 – and the September 2000 settlement of the acquisition of six shopping centres through a 50:50 joint venture with MEPC.

Westfield now has a portfolio of seven UK shopping centres, valued at £765 million (A$2.1 billion).

It had previously been advised that, as part of the overall arrangements between Westfield and MEPC, the joint venture was to purchase a further two shopping centres from MEPC – namely Two Rivers Retail Park, Staines and Kensington Shopping Arcade, London. The expectation was that these centres,

which do not fit strategically into the joint venture's shopping centre portfolio, would be sold in the short to medium term.

Since then, MEPC has agreed to extend by 12 months (to March 2002) the completion date of the purchase by the joint venture of Kensington Shopping Arcade. This arrangement will allow additional time for MEPC to sell this property to an alternative purchaser. Westfield's equity contribution to the joint venture for the purchase of this property would be approximately £15 million.

Two Rivers Retail Park has now been sold to a partnership comprising institutional investors. In order to facilitate an early sale, each of MEPC and Westfield has taken up an 18.75% interest in the partnership, requiring each to contribute equity of £15 million. It is expected that Westfield and MEPC will be replaced in the partnership in the short to medium term.

A third centre at Yate has now been sold by MEPC and will no longer be acquired by the joint venture.

Westfield is now a significant participant in the UK shopping centre industry, which is currently experiencing relatively strong retail conditions, and has established an excellent platform for further expansion opportunities in the UK and into Europe.

Directors

The Directors of the Company during the half year were FP Lowy AC, FG Hilmer AO, DH Lowy, RA Ferguson, DM Gonski, SP Johns, PS Lowy, SM Lowy, DR Wills AO, and CM Zampatti AM. Each of those Directors held office throughout the half year and there has been no change to the Board since the end of the half year.

Outlook

The Directors believe the Group's solid performance is expected to continue in the second half of the year and are confident that the Company will achieve good profit growth for the full financial year.

Made on 8 March 2001 in accordance with a resolution of the Directors.

FP Lowy, AC

Chairman

The Directors

Frank Lowy, AC

Frederick Hilmer, AO

David Lowy

Carla Zampatti, AM

Steven Lowy

Peter Lowy

David Gonski

Stephen Johns

Robert Ferguson

Dean Wills, AO

Frank P Lowy, AC *Chairman*
Frank Lowy is Executive Chairman and co-founder of Westfield. He is a Member of the Board of the Reserve Bank of Australia and a Director of Daily Mail and General Trust plc (UK). He is the Chairman of the Remuneration Committee for the Company.

Frederick G Hilmer, AO *Deputy Chairman*
Appointed as a Non-Executive Director in 1991 and Non-Executive Deputy Chairman in 1997. Frederick Hilmer holds degrees in Law from the Universities of Sydney and Pennsylvania and an MBA from the Wharton School of Finance. He is Chief Executive Officer of John Fairfax Holdings Limited. Prior to joining Fairfax, he was Dean and Professor of Management at the Australian Graduate School of Management at the University of NSW. He is Chairman of the Audit and Compliance Committee and a member of the Remuneration Committee.

David H Lowy *Deputy Chairman*
Appointed Non-Executive Deputy Chairman in June 2000, David Lowy holds a Bachelor of Commerce degree from the University of NSW. He joined Westfield in 1977 and spent a number of years working for the Group in the USA. David Lowy was appointed Executive Director in 1982 and then Managing Director in 1987, a position he held until June 2000. David Lowy is a Principal of LFG Holdings. He is a member of the President's Council of the Children's Hospital at Westmead and is Founder and President of Temora Aviation Museum.

Robert A Ferguson
Appointed as a Non-Executive Director in 1994, Robert Ferguson holds an Honours Degree in Economics from the University of Sydney and is an Associate of the Securities Institute of Australia. He is Chairman of Vodafone Pacific Limited and a Director of BT Financial Group Pty Ltd. He is a member of the Remuneration Committee.

David M Gonski
Appointed as a Non-Executive Director in 1985, David Gonski holds degrees in Law and commerce. He is a Chairman of Wentworth Associates Pty Ltd and Morgan Stanley Dean Witter Australia Limited, Deputy Chairman of Coca-Cola Amatil Limited and a Director of John Fairfax Holdings Limited, President of the Art Gallery of New South Wales Trust and Chairman of the National Institute of Dramatic Art. He is a member of the Audit and Compliance Committee and the Remuneration Committee.

Stephen P Johns
Appointed as an Executive Director in 1985, Stephen Johns holds a Bachelor of Economics degree from the University of Sydney and is an Associate of the Institute of Chartered Accountants in Australia. He joined Westfield in 1970 and became Finance Director of Westfield in 1985 and Group Finance Director in 1997.

Peter S Lowy
Appointed as an Executive Director in 1987, Peter Lowy holds a Bachelor of Commerce degree from the University of NSW. Prior to joining Westfield in 1983, he worked in investment banking in the USA and UK. He has resided in the USA since 1990 and was appointed Managing Director in 1997. He is responsible for the Group's North American operations.

Steven M Lowy
Appointed as an Executive Director in 1989, Steven Lowy holds a Bachelor of Commerce (Honours) degree from the University of NSW. In 1997, he was appointed Managing Director. He is responsible for the Group's operations in Australia, New Zealand and the UK. Prior to joining Westfield in 1987, he worked in investment banking in the USA. He is a Director of the Victor Chang Cardiac Research Institute.

Dean R Wills, AO
Appointed as a Non-Executive Director in 1994, Dean Wills is Deputy Chairman of the Australian Grand Prix Corporation, a Director of John Fairfax Holdings Limited and Australia Business Arts Foundation.

Carla M Zampatti, AM
Appointed as a Non-Executive Director in 1997, Carla Zampatti is Executive Chairman of the Carla Zampatti Group. She is Chairman of the Special Broadcasting Service (SBS), a Director of McDonald's Australia Limited, British American Tobacco Australasia Limited, Australian Graduate School of Management and a Trustee of the Sydney Theatre Company Foundation Trust.

Balance Sheet

as at 31 December 2000 and for the previous corresponding half year end and previous financial year end

	CONSOLIDATED		
	31 December 2000 $000	30 June 2000 $000	31 December 1999 $000
CURRENT ASSETS			
Cash	87,545	23,185	84,170
Receivables	57,674	64,660	34,141
Inventories	59,024	48,295	32,679
Other	63,748	43,558	42,466
TOTAL CURRENT ASSETS	**267,991**	**179,698**	**193,456**
NON-CURRENT ASSETS			
Inventories	8,651	8,651	8,651
Investments	1,589,647	1,155,855	1,061,611
Plant and Equipment	113,835	97,782	96,271
Other	70,932	78,706	116,784
TOTAL NON-CURRENT ASSETS	**1,783,065**	**1,340,994**	**1,283,317**
TOTAL ASSETS	**2,051,056**	**1,520,692**	**1,476,773**
CURRENT LIABILITIES			
Accounts Payable	220,085	202,893	200,362
Borrowings	17,096	9,557	6,656
Provisions	38,390	71,177	66,251
TOTAL CURRENT LIABILITIES	**275,571**	**283,627**	**273,269**
NON-CURRENT LIABILITIES			
Accounts Payable	190,057	113,393	65,107
Borrowings	817,874	413,535	545,452
Provisions	76,494	70,256	68,043
TOTAL NON-CURRENT LIABILITIES	**1,084,425**	**597,184**	**678,602**
TOTAL LIABILITIES	**1,359,996**	**880,811**	**951,871**
NET ASSETS	**691,060**	**639,881**	**524,902**
SHAREHOLDERS' EQUITY			
Share Capital	188,092	179,696	159,810
Reserves	104,518	99,801	45,021
Retained Profits	398,450	360,384	320,071
TOTAL SHAREHOLDERS' EQUITY	**691,060**	**639,881**	**524,902**

The accompanying Notes form an integral part of this Financial Report.

Profit and Loss Statement

for the six months ended 31 December 2000 and for the previous corresponding half year end

	Notes	CONSOLIDATED 31 December 2000 $000	31 December 1999 $000
REVENUE FROM TRADING OPERATIONS		590,172	573,541
OTHER REVENUE		51,042	51,214
OPERATING REVENUE		641,214	624,755
OPERATING PROFIT BEFORE INCOME TAX	2	101,692	91,562
INCOME TAX ATTRIBUTABLE TO OPERATING PROFIT		(25,036)	(24,023)
OPERATING PROFIT AFTER INCOME TAX		76,656	67,539
RETAINED PROFITS AT THE BEGINNING OF THE HALF YEAR		360,384	286,278
TOTAL AVAILABLE FOR APPROPRIATION		437,040	353,817
DIVIDENDS PAID OR PROVIDED FOR	3	(38,590)	(33,746)
RETAINED PROFITS AT THE END OF THE HALF YEAR		398,450	320,071
EARNINGS PER SHARE			
– BASIC		14.55¢	12.89¢
– DILUTED		14.55¢	12.87¢

The accompanying Notes form an integral part of this Financial Report.

Statement of Cash Flows

for the six months ended 31 December 2000 and for the previous corresponding half year end

	CONSOLIDATED 31 December 2000 $000	31 December 1999 $000
Receipts from customers	611,073	565,493
Payments to suppliers and employees	(533,970)	(476,263)
Dividends and distributions received	43,231	43,693
Income tax paid	(40,477)	(17,721)
Goods and services tax paid	(7,330)	–
CASH IN/(OUT) FLOWS FROM OPERATING ACTIVITIES	**72,527**	**115,202**
Purchases of plant and equipment	(22,434)	(8,987)
Sales of plant and equipment	1,096	–
Purchases of investments	(323,725)	(17,801)
Loans to other entities	–	(28,027)
Loans repaid by other entities	600	–
Dividends and distributions received	22	22
CASH IN/(OUT) FLOWS FROM INVESTING ACTIVITIES	**(344,441)**	**(54,793)**
Issue of ordinary shares	8,396	509
Borrowings	389,764	1,385
Interest received	1,425	1,483
Interest paid	(30,416)	(21,140)
Dividends paid	(40,460)	(35,038)
CASH IN/(OUT) FLOWS FROM FINANCING ACTIVITIES	**328,709**	**(52,801)**
NET CASH IN/(OUT) FLOWS FOR THE HALF YEAR	56,795	7,608
CASH BALANCE AT BEGINNING OF THE HALF YEAR	13,628	69,906
Exchange gains on cash balance brought forward at the beginning of the half year	26	–
CASH BALANCE AT END OF THE HALF YEAR	**70,449**	**77,514**

The accompanying Notes form an integral part of this Financial Report.

Notes to and forming part of the Financial Statements

for the six months ended 31 December 2000 and for the previous corresponding half year and financial year

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The Half Year Financial Statements are general purpose financial reports prepared in accordance with the Corporations Law and applicable Accounting Standards including AASB 1029: Half Year Accounts and Consolidated Accounts. It is recommended that the Half Year Financial Statements are read in conjunction with the Annual Financial Statements of Westfield Holdings Limited and Subsidiaries for the year ended 30 June 2000 and any public announcements made by Westfield Holdings and its controlled entities during the half year ended 31 December 2000 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purpose of the Half Year Financial Statements, the half year has been treated as a discrete reporting period.

Where applicable, certain comparative figures have been restated in order to comply with the current year's presentation of the Financial Statements.

(b) Accounting Policies

The accounting policies adopted are consistent with those applied in the previous financial year.

(c) Rounding

Pursuant to ASIC Class Order 98/0100, the amounts shown in the Financial Report have, unless otherwise indicated, been rounded to the nearest thousand dollars.

Notes to and forming part of the Financial Statements

for the six months ended 31 December 2000 and for the previous corresponding half year and financial year.

	CONSOLIDATED 31 December 2000 $000	CONSOLIDATED 31 December 1999 $000
2 OPERATING PROFIT		
Operating Profit includes the following credits/(charges):		
Interest and borrrowing costs	(31,550)	(22,045)
Less: amounts capitalised	5,555	–
Interest and borrrowing costs expensed	(25,995)	(22,045)
Interest Income	1,519	1,520
Amortisation and Depreciation	(7,219)	(5,987)
3 DIVIDENDS PAID OR PROVIDED		
Dividends paid during the half year		
7.71 cents per share final dividend		
(1999: 6.69 cents per share)	40,660	35,038
Dividends proposed		
7.27 cents per share interim dividend		
(1999: 6.44 cents per share)	38,390	33,746

Dividends are 60% franked at a corporate tax rate of 34% (1999: 36%)
Record date for interim dividend is 20 March 2001.
Interim dividend is payable on 30 March 2001.

Directors' Declaration

The Directors of Westfield Holdings Limited ("Company") declare that:

(a) the Financial Statements for the half year ended 31 December 2000 ("Financial Statements") and notes thereto comply with the accounting standards;

(b) the Financial Statements and notes thereto give a true and fair view of the financial position and performance of the Company together with all entities it is required by the accounting standards to include in those statements; and

(c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Made on 8 March 2001 in accordance with a resolution of directors

FP Lowy, AC
Chairman

SP Johns
Group Finance Director

Independent Review Report

To the members of Westfield Holdings Limited

Scope

We have reviewed the financial report of Westfield Holdings Limited for the half-year ended 31 December 2000, set out on pages 6 to 11, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising Westfield Holdings Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements and statutory requirements, and in order for the company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the disclosing entity's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement

As a result of our review, we have not become aware of any matter that makes us believe that the half-year financial report of Westfield Holdings Limited is not in accordance with:

(a) the Corporations Law, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2000 and its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and the Corporations Regulations;

(b) other mandatory professional reporting requirements.

Ernst & Young

B J Long
Partner

Sydney
8 March 2001

Directory

Westfield Holdings Limited
(Incorporated in New South Wales)
ABN 66 001 671 496

Directory
Registered Office
Level 24
Westfield Towers
100 William Street
Sydney NSW 2011
Telephone (+61 2) 9358 7000
Facsimile (+61 2) 9358 7077
Website www.westfield.com.au

United States Office
Level 12
11601 Wilshire Boulevard
Los Angeles
California 90025
Telephone (+1 310) 478 4456
Facsimile (+1 310) 478 1267

New Zealand Office
Level 3
Corner Remuera Road and
Nuffield Street
Newmarket
Auckland
Telephone (+64 9) 978 5050
Facsimile (+64 9) 978 5070

United Kingdom Office
30 Old Burlington Street
London W1S 3AR
Telephone (+44 207) 734 2121
Facsimile (+44 207) 734 6545

Share Registry
BT Registries Pty Limited
Level 6, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Telephone (+61 2) 9259 3000
Facsimile (+61 2) 9259 9100

Queensland Registry
BT Registries Pty Limited
Suite 4, Level 7
NAB Building
255 Adelaide Street
Brisbane Qld 4000

ACT Registry
BT Registries Pty Limited
C/- KPMG
KPMG House
80 Northbourne Avenue
Canberra ACT 2601

Secretary
Craig van der Laan de Vries

Auditors
Ernst & Young

Westfield